



**A Report to the
Audit Committee**

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**Audit of Historical Commission and
Historic Zoning Commission
Workforce Staffing**

January 26, 2015

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

January 26, 2015



Why We Did This Audit

The audit was initiated based on a request from the Chairman of the Budget and Finance Committee for the Metropolitan Nashville Council because the existing Historical Commission and Historic Zoning Commission staff was not able to process new historic zoning overlay applications with existing resources.

What We Recommend

Certain improvement recommendations should be implemented and if the Commission agrees to increase the number of historic overlay district designated properties, that a new staff member be added to the Metropolitan Historic Zoning Commission staff at the beginning of the fiscal year 2016 budget (July 2015).

AUDIT OF HISTORICAL COMMISSION AND HISTORIC ZONING COMMISSION WORKFORCE STAFFING

BACKGROUND

Experis Risk Advisory Services was retained by the Metropolitan Nashville Office of Internal Audit to perform a performance audit of the Historical Commission and Historic Zoning Commission workforce staffing levels.

OBJECTIVES AND SCOPE

The objectives of the audit were as follows:

- Review the processes and polices for assuming additional workload.
- Review the current work processes, provide assessment, and subsequent recommendations for improvement.
- Assess the Historic Commission threshold for taking on additional requirements.

The audit scope included January 1, 1990, through November 30, 2014, with the vast majority of emphasis on the five-year period ending December 31, 2014.

WHAT WE FOUND

The staffs at both the Metropolitan Historical Commission and Metropolitan Historic Zoning Commission have more than sufficient workloads within the normal work week. In reviewing the work activity and the Metropolitan Historic Zoning Commission staff workload, it was clear that increasing the number of properties for historic overlay district designations and the permitting process were key drivers of work effort.

The audit report prepared by Experis Risk Advisory services can be found in Appendix A.

Metropolitan Historical Commission and Metropolitan Historic Zoning Commission management response can be seen in Appendix B.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

METHODOLOGY

To accomplish the audit objectives, we performed the following steps:

- Interviewed key personnel.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

AUDIT TEAM

Experis Engagement Team:

Dennis Mitrano, Project Professional

Jen Grant, Engagement Manager

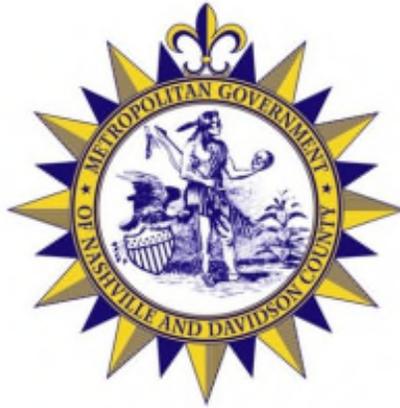
Tim Lietz, Director

Metropolitan Nashville Office of Internal Audit:

Mark Swann, Audit Coordinator

Lauren Riley, Audit Coordinator

AUDIT REPORT STARTS ON NEXT PAGE



Metropolitan Nashville Government

Historical Commission and Historic Zoning Commission

Workforce Analysis

As of January 26, 2015

Metro Nashville Distribution:

Tim Walker, Executive Director
Mark Swann, Audit Director

Experis Engagement Team:

Dennis Mitrano, Project
Professional
Jen Grant, Engagement Manager
Tim Lietz, Director





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Executive Summary

Metropolitan Nashville Government (“Metro Nashville”) engaged Experis Finance’s Risk Advisory Services (“Experis”) to execute its Workforce Analysis. In this charge, Experis provides project management, quality review, and professional resources in conducting detailed analytics throughout the year.

The objective of this effort is to gain an understanding of the mission and requirements of the Metropolitan Historical Commission and Metropolitan Historic Zoning Commission, specifically within the realm of handling the workload for the development of new historic overlay districts and the review of permits within the overlay districts. It is also to conduct staff analysis of procedures, daily duties, long-range projects and short-range projects, expectations of the Commissioners and Mayor, and understand the civic mindedness of the organization.

The results of the above will then be aggregated by what is defined by the Metropolitan Historic Zoning Commission charter, what is requested and required by the Commissioners and the Mayor, and what other duties are being performed.

Once these results are aggregated, objective judgment will be applied as to whether additional staff is necessary to properly perform the efforts requested by the Chairman, Budget and Finance Committee, to fulfill the development of new historical overlay districts and to review permits with the overlay districts.

This objective opinion is the final work product of this workforce audit. This opinion is to understand the issues and recommend whether additional staff resources are necessary to continue to process new historic overlay district applications. The application process and increases in new permits are key drivers to the workload of this staff.

Upon detailed analysis, Experis identified opportunities for improvement in both processes and technology. These will enhance the work efforts of the group, allowing them to better accommodate the increased workload. The dramatic additions to the number of historic overlay properties added in CY2014 require both process and technology improvements.

Experis recommends that the Metropolitan Historic Zoning Commission increase the number of historic overlay districts and/or expand the properties within existing districts, initiated by Metropolitan Historical Commissioner’s approval, by manageable numbers each year. The expansion in CY2014 was the highest in its history and, when annualized, was 2.3 times the previous high.

Once the improvement recommendations are implemented and the Commission agrees to increase the number of historic overlay district designated properties, we believe that a new staff member should be added to the Metropolitan Historic Zoning Commission staff at the beginning of the FY2016 (July 2015) budget. The estimated level of inspections and permit requests will increase with the influx of historic overlay district properties.



Detailed Report

Background

On June 13, 2014, Councilman-at-Large and Chairman, Budget and Finance Committee of the Metropolitan Nashville Council issued a letter to the Metropolitan Nashville Audit Committee. This letter requested the Metropolitan Nashville Audit Committee to authorize an audit of the Historical Commission staff to assess current workload and need for an additional staff.

Within the letter, it stated:

- The substitute Fiscal Year 2014 operating budget allocated funds for a new preservationist position for the Metropolitan Historical Commission, which is currently a filled position.
- The intent of this position was to enable the Metropolitan Historic Commission staff to handle the workload associated with development of new historic overlay districts and to the review of permits with the overlay districts.
- The Executive Director of Metropolitan Historical Commission and his staff have recently informed the Commission that they will be unable to process any new historic overlay applications without additional staff.
- Since the Metropolitan Historical Commission received funding for a new preservationist position in the current fiscal year increasing its staff to nine, the Chairman, Budget and Finance Committee is requesting a Metropolitan Historic Commission staff audit to assess the current workload and need for additional staff.

The Metropolitan Nashville Office of Internal Audit, via its established practices and procedures, selected Experis to conduct the audit of the Historical Commission staff's workload and need for additional staff.

The Metropolitan Historical Commission and the Metropolitan Historic Zoning Commission staffs are organized under the same Executive Director. They are a co-mingled staff and many share duties within the Metropolitan Historical Commission and Metropolitan Historic Zoning Commission.

Scope and Objectives

The Metropolitan Auditor for Metro Nashville requested Experis to assist the Metropolitan Nashville Office of Internal Audit in performing a staffing analysis for a professional services agency (Historical Commission). Objectives associated with this engagement were to:

- Review the client's Historical Commission agency from a workflow and workload management perspective.
- Assess the client's Historical Commission agency staffing requirements.
- Discuss the prioritization of work efforts with management.
- Review the process and policies in place for assuming additional workload.



- Review the current work processes and provide an assessment and subsequent recommendations for improvement of those processes.
- Assess the Historic Commission threshold for taking on additional requirements.

Analysis Results and Observations

The period reviewed was from January 1, 1990, through November 30, 2014, with the vast majority of emphasis on the five-year period ending 2014. Experis conducted on-site fieldwork during the week of September 23, 2014, and off-site fieldwork through December 1, 2014.

Chartered Responsibilities

Experis reviewed the chartered responsibilities of the Metropolitan Historical Commission and the Metropolitan Historic Zoning Commission.

Metropolitan Historical Commission

The Metropolitan Historical Commission was established in 1966. Its charter is detailed within the current Metropolitan Nashville Code of Laws. The powers and duties of the Executive Director are summarized below.

Excerpts pertinent to the duties of the Metropolitan Historical Commission are:

- Locate, collect, and preserve historical material... relevant to Davidson County.
- Conduct its affairs, hold legal title to any personalty or realty.
- Make appropriate arrangements for the purchase, preservation, promotion, and use of any material, both real and personal.
- Receive and expend any money allocated to it by the Metropolitan Government or donated to it.
- Make [an] application to the IRS...to be classified charitable.
- Ascertain and certify any valuation of gifts, bequests, and devises.
- To co-operate with appropriate officials and agencies in preserving records, archives, and historic buildings and in the erection of markers, etc.
- To sponsor the preparation and publication of histories, guidebooks, and similar material and to take any other actions which it considers necessary and proper in the furtherance of the broad aims set forth herein.
- To endeavor to arouse interest in the history of the areas by cooperating with schools, clubs, and other interested organizations.
- To sponsor lectures, tours, exhibits, and displays.
- May utilize any and all media of communication, such as newspapers, radio, and television, in the accomplishment of its purposes.
- Lend its assistance and cooperation to the Tennessee Historical Society, the Tennessee Historical Commission, the Official Historian of Tennessee, the Historian of



Davidson County, and other duly constituted historical bodies and individuals in the pursuit of such common goals as may fall within the broad purpose of this Commission.

Metropolitan Historic Zoning Commission

The Metropolitan Nashville Code of Laws for the Metropolitan Historic Zoning Commission contain the following items, which define their charter.

These definitions are highlighted below:

- The Metropolitan Historic Zoning Commission is an architectural review board, which reviews applications for work on properties that are within a historic overlay. The Metropolitan Historic Zoning Commission reviews applications to create new historic overlay districts and reviews preservation permit applications for historic preservation and neighborhood conservation zoning overlays and landmark sites for new construction, alterations, additions, repair, and demolition.
- Cause preservation permits to be issued for projects within the overlay districts. Ensure that all applications are accompanied by complete site plans, elevation drawings, specifications and any other appropriate supporting information. When you submit these materials, the staff will determine whether a preservation permit can be issued immediately or if the work, like most, requires referral to the full Commission.
- No construction, alteration, repair, rehabilitation, relocation, or demolition of any building, structure or other improvement to real property situated within a historic district or zone, for which the Historic Zoning Commission or the Regional Historic Zoning Commission has been granted the authority to review and to grant or deny a certificate of appropriateness, shall be performed without the issuance of a certificate of appropriateness.
- Ensure that the responsible party notifies all adjacent property owners if the project requires a change to the setbacks.

The directives of the Metropolitan Historic Zoning Commission, discovered through public documentation, as they relate to staff are summarized below:

1. Maintain an architectural review board which reviews applications for work on properties that are within a historic overlay.
2. Review applications to create new historic overlay districts and preservation permit applications for historic preservation properties.
3. Cause preservation permits to be issued for projects within the overlay districts.

Interviews

Information obtained from the staff and Commission Chair interviews are included within Appendix A.



Data Analysis

Much data was gathered in addition to the staff and Commission Chair interviews. The data analysis is both objective and subjective. The subjective areas center on estimates to complete certain tasks and the impact on the staff workweek.

Historic Overlay Districts:

Most, if not all, of the Metropolitan Historic Zoning Commission staff stated that the number of properties within the historic overlay districts have doubled over the past five years. This is the result of newly added historic overlay districts and expansions to existing districts. The importance is due to the work efforts in identifying the districts, surveying and mapping the districts, and educating the homeowners within the districts regarding the process and responsibilities.

Over the past five years from 2010 through 2014, there was an increase of 25 percent in historic overlay properties. There were 1,778 new properties added from 2010 through September 2014, bringing the total number of properties to 8,842.

The number of properties has not doubled over the past five years. The number of properties had modest growth in the first four years and then spiked in 2014. That being said, the number of properties has increased by 183 percent since 2002. At year-end 2002, there were 3,121 properties within historic overlay districts. Now there are 8,842.

One of the key directives of the Metropolitan Historic Zoning Commission staff is to review the applications to create new historic overlay districts. The process for creating an application for a new historic overlay district is highly involved. There is a high level of neighborhood education required. The neighborhood must understand the implications of becoming an overlay district. There is a significant amount of time spent responding to property owners' frequent questions and concerns on the potential impact of an overlay. These discussions occur both in the field and at the office. The staff must also spend significant amounts of time to research the district to determine if it conforms to historic standards, such as most building structures are consistent with the historic period, the district is at least fifty years old, and the boundaries contain historic significance.

Once approved, an official historic overlay handbook and design guidelines is produced. This document includes an introduction to the neighborhood, history of the area, and design guidelines. A detail map has to be prepared with lots identified and the surrounding neighborhoods partially drawn. The Belmont-Hillsboro Handbook and Design Guidelines is a 27-page document.

Once the initial criteria are met, the district must create an architectural resource survey. This survey encompasses recording pictures of each property, inclusive of each side of every major structure and creating an historic overlay map of each property. The survey, mapping, recording, and writing of the overlay district handbook and design guidelines consume significant amounts of time. Each property must have at least five pictures for documentation – one of each side of the structure plus a property overview picture. The properties with multiple structures will have four additional pictures for each additional structure. On



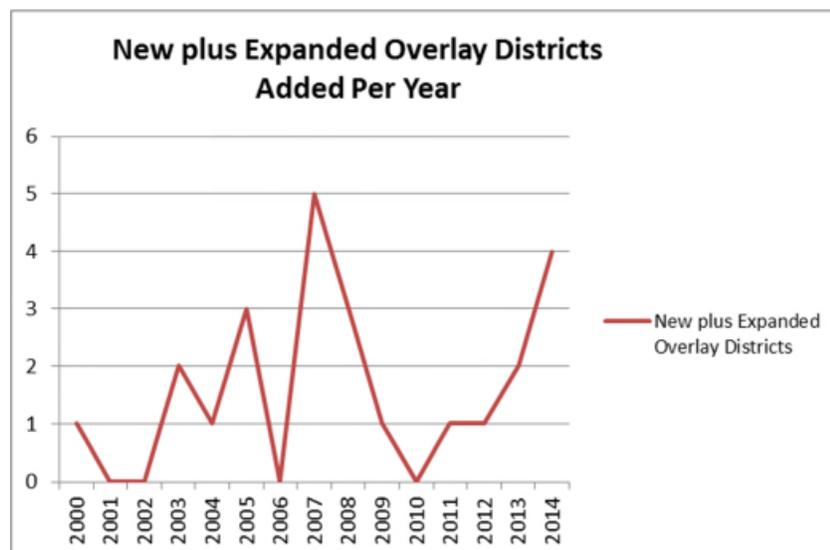
average, there will be six pictures per property. The time to take and document each picture is five minutes. Thus, pictures will take thirty minutes per property. The mapping, based upon land records and surveys, will take thirty minutes per property. Allowing five minutes for travel to each property for the visual survey brings a combined total of one hour and five minutes per property. The writing of the handbook and design guidelines will consume eighty hours. The hours of effort to complete the handbook and design guidelines is not a variable element.

For example, a one hundred property overlay district will consume 188 man hours. These man hours divided among the current staff of four Historic Preservationist 1s and one Historic Preservationist 2 equate to 38 hours per staff member. If the overlay district had fifty properties, total hours are 134, or 27 per staff member. If the overlay district had three hundred properties, total hours are 405, or 81 per staff member. The hours in this paragraph do not include the preliminary research and neighborhood education efforts.

In 2014, the Metropolitan Historic Zoning Commission had expanded four historic overlay districts with 1,379 properties added to the Nashville area historic preservation districts. These four expansion activities were completed by June 9, 2014, as noted on the report. The annualized rate is eight large projects. The prior 2013 calendar year added one district and one expansion, totaling 143 properties. The activity within districts increased by 100 percent and the number of properties by almost 900 percent during the first five months of 2014. In 2012, there was a single overlay district added with 77 properties.

The Metropolitan Historic Zoning Commission staff completed a significant amount of effort by adding the four overlay expansions during the first five months of 2014. This activity level by calendar year is illustrated in the charts below. The 2014 numbers were completed in the first five months of the calendar year.

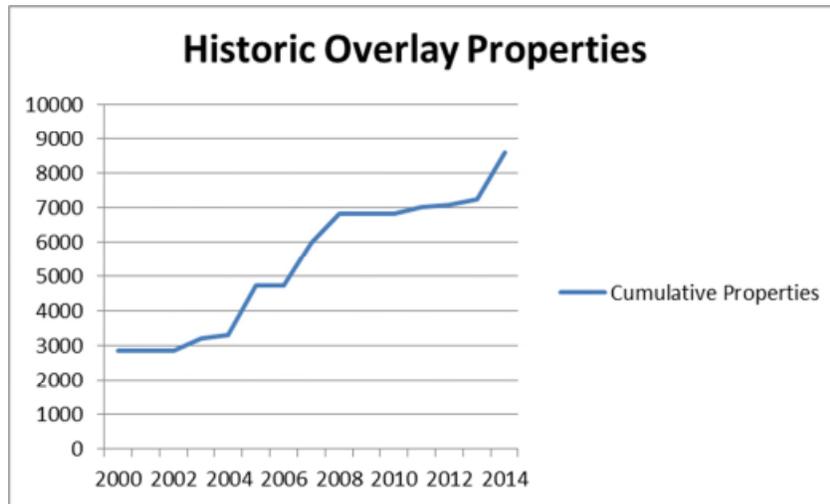
Exhibit A – Overlay Districts



Source: Full Accounting Excel spreadsheet provided by Metropolitan Historical Commission Executive Director on October 1, 2014



Exhibit B – Overlay Properties



Source: Full Accounting Excel spreadsheet provided by Metropolitan Historical Commission Executive Director on October 1, 2014

Permits Approved:

Historic overlay property building/repair permits are the single most important driver for increased workload for the Metropolitan Historic Zoning Commission staff. The review of and approval of preservation permit applications for historic preservation properties is an integral portion of the charter for this group. Permit actions (approval or denial) require that applicants become more educated by the staff, cause the staff to prepare detailed documentation for recommended approval or disapproval, require preparing, presenting, and having a presence at the Metropolitan Historic Zoning Commission meetings, and require necessary inspections during the construction period.

Most of the initial permit application meetings are conducted at the Metro Nashville One Stop Shop. This has reduced the number of walk-ins and calls to the staff at headquarters. However, there are still two to three walk-ins per week and multiple calls that disrupt work flow. The vast majority of people who meet with the permit staff at headquarters have appointments.

There are permits that require Commission approval and permits that the staff can approve. Most permits, including those approved by staff, must go through the diligence process required by the Metropolitan Historic Zoning Commission. Staff administrative approval of permit applications, as defined within the Metropolitan Historic Zoning Commission Procedure Manual dated June 27, 2013, is for the administrative approval items identified below. The Administrative Approval policy was approved by the Metropolitan Historic Zoning Commission on February 20, 2013.



Administrative Approval

The Metropolitan Historic Zoning Commission has delegated to staff the ability to administratively approve work defined as conforming items without prior review of the work by the Metropolitan Historic Zoning Commission. The types of applications that may be administratively reviewed are listed below. The Commission may extend this list in emergency situations to provide optimum customer service. Staff may, at any point during the review process and for any reason, choose to defer the application to the Commission.

- Demolition of non-historic accessory structures and appurtenances.
- Demolition of any structure that has become a major life-safety hazard and is requested to be demolished by another Metro Nashville department for that reason.
- Demolition of non-contributing buildings.
- Partial demolition.¹
- New construction of accessory structures which are less than 700 square feet; having an eave height no greater than 10' or a ridge height no greater than 20'.
- Rear additions that are no wider and no taller than the primary building and no deeper than half the width of the existing house.
- Front additions to non-contributing buildings.
- Appurtenances.
- Ridge Raises.²
- Repairs and replacement in-kind.³
- Signage.
- Fences.
- Permanent landscape features.
- Painting of masonry and metal.

Over the five-year period of 2010 through 2014, an average of 371 permits were issued per year. In 2013, the number of permits spiked over the prior year by 38 percent, bringing the total permits issued to 470. For the five-year period from 2005 through 2009, there was an

¹ Removal of chimneys, enclosing windows, cutting in new windows and altering window sizes are all considered partial demolition. Removal of roofing material, siding and windows/doors altogether is considered partial demolition.

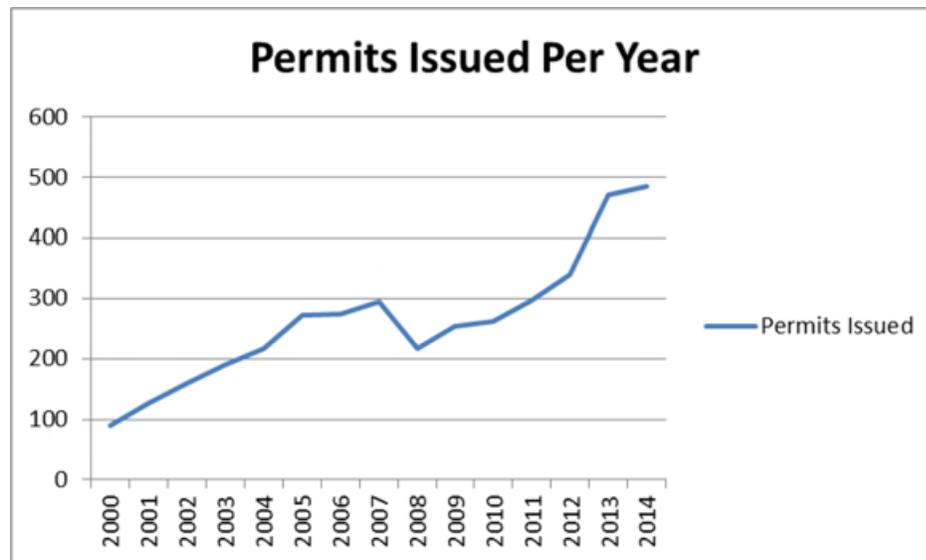
² Ridge raises are not appropriate for clipped gabled buildings.

³ Appropriate repairs are those that incorporate materials that are the same design, dimension, and materials as the original and do not include full replacement.



average of 262 permits issued. However, the period from 1998 through 2002 only had an average of 130 permits issued per year. Although there was a slight increase for the past five-year period over the previous five-year period, the number of permits issued has more than doubled from ten years ago.

Exhibit C – Permits Issued



Source: Full Accounting Excel spreadsheet provided by Metropolitan Historical Commission Executive Director on October 1, 2014

The average number of permits approved per month by each of the three Metropolitan Historic Zoning Commission Historic Preservationist 1 personnel equates to 10.3. Of those 10.3 permits, 53 percent are approved by staff without commission review and 47 percent are presented to the Commission. These numbers assume the Historic Zoning Administrator is in a supervisor only role and does not create the reports for permit approval.

Staff recommendations for zoning permit approval are created within a consistent template and presented to the Commission. Once the data has been gathered, it takes about 1.5 hours to complete each Staff Recommendation form. We estimated one hour for each permit proposed to the Commission for assembly of the paperwork. For Metropolitan Historic Zoning Commission staff-approved forms, the completion and assembly adds 15 minutes.

Post approval or rejection by the commission, the staff must notify the applicant, issue the permit, and record the paperwork. Within our analysis, we estimated that the follow-up work adds three hours of work effort.

The information above indicates that the three Historic Preservationist 1 staff members spend 12.1 hours completing permit recommendations for the Commission and 9.5 hours completing staff recommended permits, plus 3.0 hours for permit issuance and follow-up. Thus, 24.6 work hours per Historic Preservationist 1 staff member are spent on the preparation of permit recommendations and staff approval process. Since Commission



meetings can take up to four hours, we are assuming the average meeting lasts three hours. According to the meeting minutes, the meetings start soon after 2:00 PM. Thus with travel time, each staff member spends four hours per month at Metropolitan Historic Zoning Commission meetings.

The meetings generally follow a set agenda. Typically, the third agenda item is the Consent Agenda. According to the minutes from the past six months, the Consent Agenda items are either approved in one group with either zero or a couple individual applications moved to new business. There does not appear to be much discussion during the Consent Agenda period. The vast majority of discussion pertains to the new permit applications and those moved from the Consent Agenda. The Historic Preservationists 1 have their permit application presentations and discussions dispersed throughout the meeting.

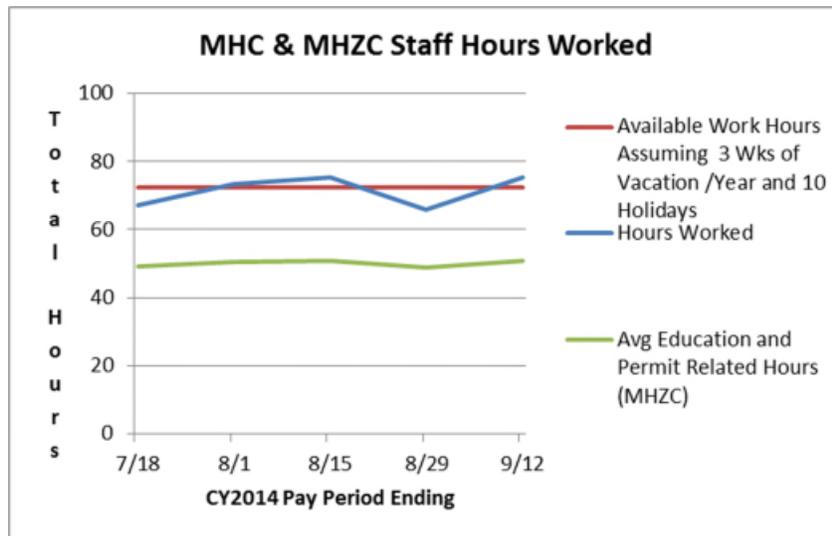
Before the permit applications can be completed, there is an education process. We reviewed the type of applicant and assessed their familiarity level with the permitting process. For example, as a general rule, architects were rated as highly familiar with the process while homeowners were rated as very unfamiliar with the process. Thus, the assumption was that architects required two hours of education while homeowners required eight hours of education for each permit processed. Clearly individual familiarity with the process varies and these individuals may take more or less education time than generally designated.

Assuming that the Historic Zoning Administrator is involved with education and review of the permitting process, we calculated the number of permit education hours and divided it among four people. The total hours per Metropolitan Historic Zoning Commission staff member was 25.2 hours.

The Metropolitan Historic Zoning Commission staff states that the process of preparing permit applications, presenting to the commissioners, and follow-up with permit applicants takes them from the 1st of the month through the 16th of the month. From an hours standpoint, these processes alone consume 54 hours or 50 percent of their available working hours during that three-week period and 34 percent on a full month period. The chart below adds twenty percent of available work hours for general community education to the 34 percent of permit related time for a total of 54 percent of available hours worked.



Exhibit D – Staff Hours Worked per Bi-Weekly Pay Period

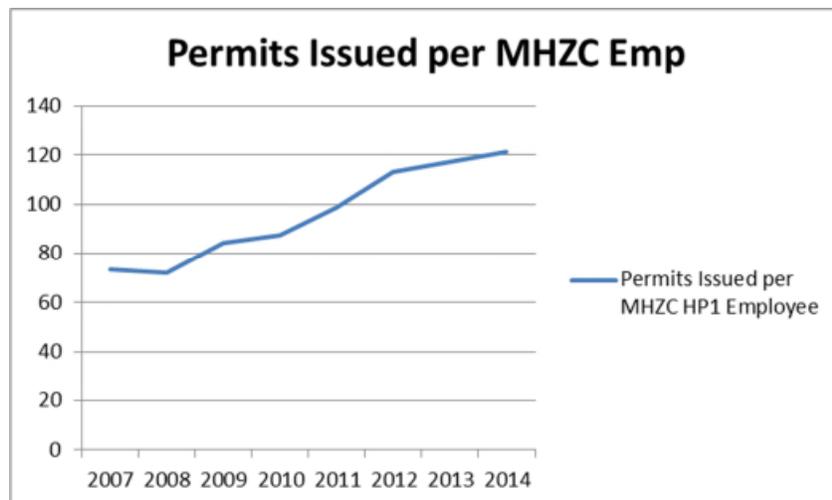


Source: Historic Commission payroll entry Excel spreadsheet provided by Metropolitan Nashville Office of Internal Audit on September 26, 2014

The staffing levels for the combined Metropolitan Historical Commission and Metropolitan Historic Zoning Commission have fluctuated between eight and nine employees since the beginning of FY2008. There were nine employees in FY2008, eight employees for FY2009 through FY2013, and from the beginning of FY2014 to the present, there are nine employees. The managerial, administrative, and Metropolitan Historical Commission staff is comprised of five employees. The remaining employees are the Metropolitan Historic Zoning Commission Historic Preservationist 1's who are responsible for issuing permits and inspecting the historic overlay properties during construction.

Exhibit E depicts the number of permits issued each year per Metropolitan Historic Zoning Commission Historic Preservationist 1, inclusive of the inspector(s).

Exhibit E – Permits Issued per Employee



Source: Full Accounting Excel spreadsheet provided by Metropolitan Historical Commission Executive Director on October 1, 2014



The number of permits issued per employee is increasing each year. A new employee was added at the beginning of FY2014, which is the cause for the reduced activity gradient in Exhibit E, depicting permits issued per employee for 2013 - 2014.

The Metropolitan Historic Zoning Commission should take a measured approach to the sequencing of historic overlay district approvals and expansions. Adding too many properties in short periods places a large increase in workload on the staff. Within the first five months of 2014, there were four expansions with 1,379 properties added to the historic overlay districts. This represents a 19 percent increase in the number of historic preservation properties. On an annual basis, it is 2.3 times the highest addition of properties added to the historic overlay districts.

Based upon the past twelve years of permit data (2002 through 2014), the trend prior to 2008 was six percent of total historic overlay district properties had permits issued. During 2008 through 2011, that average dropped to four percent. In 2012, it rose back to five percent. During 2013 and into 2014, the percentage of permits issued per total historic overlay properties returned to the pre-2008 level.

Our opinion is that the long-term trend is the number of permits issued per year will average six percent times the total number of properties within all historic overlay districts. This is consistent with the comments of the Historic Preservationist 1 Inspector that a recent spike to 300 open permits has occurred. Each of those open permits is inspected at least once per month.

Our discussions with the Commission Chairs indicate they believe the historic overlay districts add great value to the character and prosperity of Metropolitan Nashville and Davidson County. According to a dated Indiana study by economist Donovan Rypkema, historic preservation zones will increase in property values at a faster rate than surrounding areas. These areas also attract more tourists who stay longer and increase the local economy spend via rehabilitation of these properties.

All of the above arguments are positive for Metro Nashville. However budgets are limited in all organizations. Approving the 2014 unprecedented increase in number of historic properties described above, without the commitment for increased resources, forces a strain on existing staff resources. The impact of adding the unprecedented number of properties without approved headcount additions can cause detrimental impacts on the image and productivity of the Metropolitan Historical Commission and Metropolitan Historic Zoning Commission.

Permit Progress Inspections:

The Metropolitan Historic Zoning Commission inspections during the construction process differ from the building code inspections. The Metropolitan Historic Zoning Commission inspections check on the building exterior parameters, finishes, and that windows, doors, soffits, etc. are as approved within the plan. The reason is to ensure that the structure conforms to the character and period of the neighborhood.



Each property is inspected at least once per month during construction. There are four set-point inspections with every project. They are 1) review the staking to ensure the layout and measurements are according to plan, 2) check the foundation for height and other dimensions, 3) verify the framing is according to plan, and 4) a final inspection. Intermediate inspections are performed as well.

The set-point inspections involve a physical review, including measurements, discussion with the applicants, and sometimes mediation when the construction violates the design. Mediation with the applicant is time consuming and typically starts with a telephone conversation. If escalated, it can involve significant time and, rarely, the violation may involve a court proceeding.

Interim inspections are less time consuming for the inspector. It can be as quick as a sighting from the car to ensure that the windows are as projected within the plan.

Currently there are approximately 300 open permits. This represents a marked increase from the 250 open permit average over the past two to three years. Reasons for the increase in open permits, provided by the Historic Preservationist 1 Inspector, vary from more complex projects to a longer construction cycle.

The inspector hand writes his notes while in the field and then transcribes them electronically once back in the office. Any pictures that were taken in the field are also uploaded electronically once back in the office. While in the field, the inspector retains the physical files with him for reference purposes. The files are thus not available to the other members of staff when they are working on permit follow-up activities, report writing, and other activities.

The duties of the Metropolitan Historic Zoning Commission Inspector(s) include responding to the Metro Nashville Parks Department to assess damages to Metro Nashville landmarks, and managing the City Cemetery for the Metropolitan Historical Commission. City Cemetery management includes scheduling any new burials – which are very rare – and writing, evaluating, and monitoring all requests for proposals for historic renovations.

Maintenance of a Library:

The library function of the Metropolitan Historic Zoning Commission charter is not well defined, nor was it raised in the discussions with the Metropolitan Historic Zoning Commission staff. It clearly is one of the many co-mingled responsibilities between the Metropolitan Historical Commission and the Metropolitan Historic Zoning Commission. The Administrative Assistant did raise the library function in the staff interview, but it was an all-encompassing library aiding the Metropolitan Historic Zoning Commission and the Metropolitan Historical Commission. Most of the discussion centered on historical documents and the requirement to maintain and preserve these documents.

For example, no visitors are allowed to remove documents from the room in which they are stored. The room is the conference room at the headquarters of the Metropolitan Historical Commission and the Metropolitan Historic Zoning Commission. Although the Library is not



fully climate controlled for document preservation, all books and reports are not unique resources and already exist at the Metro Public Library and the Metro Archives. The only unique resources within the office are photographs and architectural drawings, which are not kept in the library.

Charter Duties versus Non-charter Duties:

Exhibit F details the duties performed by the Metropolitan Historic Zoning Commission staff for the “Charter Duties” and “Other Duties. These duties are measured against the Metropolitan Nashville Code of Laws as described above. The “Other Duties” could be assigned by the Executive Director, the Mayor’s Office, or the Metropolitan Historic Zoning Commission.

Exhibit F – Charter Duties

Charter Duties Performed	Other Duties Performed
<ul style="list-style-type: none"> Review applications for work on properties that are within a historic overlay. 	<ul style="list-style-type: none"> Respond to Metropolitan Historic Zoning Commission requests for information.
<ul style="list-style-type: none"> Cause preservation permits to be issued for projects. 	<ul style="list-style-type: none"> The staff works with the Metro Planning Commission, which includes the historic resource list for community plan updates, and the review of Metro Planning Commission applications and recommendations to the Metro Planning Commission. This relationship is governed by established policies between the two agencies.
<ul style="list-style-type: none"> Recommend and present applications to the Metropolitan Historic Zoning Commission for approval, denial, or stipulations. 	<ul style="list-style-type: none"> Manage, staff and implement the annual events such as the Old House Fair and the Memorial Day Dash.
<ul style="list-style-type: none"> Prepare historic overlay district’s applications for approval. 	<ul style="list-style-type: none"> Assist with Federal Government’s Section 106 review for historic properties.
<ul style="list-style-type: none"> Inspection of construction activities for approved permitted projects. 	<ul style="list-style-type: none"> Educate Metropolitan Historic Zoning Commission and community regarding existing and new regulations. Present realtor education courses.
<ul style="list-style-type: none"> Ensure that no construction, demolition, alteration, rehabilitation, or similar activity occurs within a historic district without a permit. 	<ul style="list-style-type: none"> Maintain a library of materials on historic architecture and restoration technology, and files on preservation products and services.
	<ul style="list-style-type: none"> Work with and serve on external (e.g. Metro Development and Housing Agency) and internal (e.g. Other Metro Nashville departments) agencies and committees related to historic preservation.

Source: Metropolitan Nashville Code of Laws § 17.36 and staff interviews



Many of the “Other Duties” performed are educational duties to advance the understanding of real estate professionals, homeowners, builders, architects, and commissioners. The annual events increase the awareness of historic preservation as well as stabilizing and improving the property values in historic areas.

The Executive Director provided the following examples of co-mingled activities that the Metropolitan Historic Zoning Commission staff works with the Metropolitan Historical Commission staff:

- Working with Metro Planning Commission as governed by established policies between the two agencies.
- Researching and making reports to Metro Council on all street name changes.
- Assisting and advising Metro departments on the repair and management of their historic resources (this includes providing expertise in analyzing and solving issues or problems, writing a scope of work for repairs, selecting experienced and capable contractors, and managing funded repairs).
- Managing Metropolitan Historical Commission’s Historic Marker program including working with Metro Public Works for marker installations and repairs.
- Review of National Register nominations and making recommendations to the Tennessee Historical Commission’s State Review Board.
- Working with the Davidson County Historian in managing the Online Davidson County Encyclopedia.
- Working with the Convention and Visitor’s Bureau to design, edit, print, and distribute brochures on the city’s architecture, history, and culture, which promotes tourism.
- Managing and Implementing annual events such as the African American History and Culture Conference, Preservation Awards, Living History Tour at the Nashville City Cemetery, and Civil War commemorative events.

Other duties, such as events, training other departments, and serving on local, regional, and national committees, increase the proficiency of the staff as well as increase awareness of Metropolitan Nashville and Davidson County. These are deserving activities for the Metropolitan Historic Zoning Commission staff. However they must be measured to the available time.



Recommendations and Improvement Opportunities

The staffs at both the Metropolitan Historical Commission and Metropolitan Historic Zoning Commission have more than sufficient workloads within their normal work week. The recommendations in this section pertain only to the Metropolitan Historic Zoning Commission staff and specifically within the area of additional headcount needs in order to increase the number of properties with historic overlay district designations.

In reviewing the work activity and the Metropolitan Historic Zoning Commission staff workload, it is clear that increasing the number of properties for historic overlay district designations and the permitting process are key drivers of work effort. It is not apparent that retail sales generate new permit activity. Nor is it correlated that a new historic overlay district designation drives permit activity. The number of permits issued each year does correlate to the total number of properties within all the designated historic overlay districts.

Much of the permitting activity with Metropolitan Historic Zoning Commission is driven to ensure neighborhood compatibility and representative form. There may be significant research required for each approved permit. In addition, the inspection process is significantly involved and essentially relies on one person.

In the case of the Metropolitan Historic Zoning Commission, efficiency could be increased as outlined below. Clearly some of these efficiency recommendations will require funding to implement.

1. Requiring all permit applicants to go to the One Stop Shop for initial permit requests and questions. Do not take walk-ins at the headquarters without an appointment. General walk-in questions are a disruption to the work progress being made at headquarters. The applicants should file their application on the Kiva Citizen website or its replacement system (City Works).
2. Providing a tablet/laptop with wireless high speed internet access to the Metropolitan Historic Zoning Commission inspector. Via this tool, the inspector can download the inspection files for properties the day before they are scheduled, enter notes electronically and one time, leave the working files within the office for others to use, and have real-time communications with the office staff.
3. Delivering Commissioner packages in an electronic format at least one week prior to the Commission meeting. Currently permit application packages are placed on the Metropolitan Historic Zoning Commission website in an electronic file (as a PDF) with the meeting minutes. Each package includes the detailed building and elevation drawings. It may be more effective to present the site diagrams on a video screen. This eliminates the requirement to print a full package for each Commissioner, which is time consuming and environmentally unsound. Two of the packages reviewed for the September 17, 2014, meeting averaged ten double-sided pages of discussion topics and nine double-sided pages of architectural drawings. Typically, one set is provided to each of the nine Commissioners plus others for the Mayor's office.



4. Increasing the internet access speed at headquarters. Currently there are two digital subscriber lines (DSL) supporting a heavily graphics intensive staff, which is inadequate.
5. Recording popular subject presentations to homeowners and community groups on video, which can be shown later and placed on the web. It may appear impersonal, but it improves the delivery cycles. This will help within the education process as well.
6. Leveraging other groups' work (and reference that work within footnotes) to complete the Nashville Online Encyclopedia – for Nashville-specific areas of interest. One immediate idea is to leverage some of the common articles (such as The Hermitage article) within the Tennessee Encyclopedia of History and Culture for Nashville's encyclopedia project.
7. Driving more web applications for informational and routine application efforts. For example, the current website has a PDF permit application, which must be printed and completed. Provide the same information guidelines on the website, but build a link to Kiva (or City Works) for the applicant to enter their basic information. That will save the staff member from typing the information into Kiva, saving time and avoiding typographical errors.
8. Determining how to enter information, such as payroll data, into one system that Metropolitan Nashville Government and Metropolitan Historical Commission/ Metropolitan Historic Zoning Commission staff will agree is the core system. The Metropolitan Historical Commission administrative staff currently enters time reports into the EBS system and also records it on a separate internal spreadsheet. The estimate is that time reporting consumes four hours per period. It is not clear why a separate back-up system is required.

Recommendation A: Recommendation for the management of the Metropolitan Historic Zoning Commission and the Metropolitan Historical Commission to:

Implement and enforce the measured approach, driven via the Metropolitan Historical Commission approvals, to increasing the number of properties within historic overlay districts and implement the efficiency changes noted above. These should free-up time for both the staff of the Metropolitan Historic Zoning Commission and the Metropolitan Historical Commission.

Recommendation B: Recommendation for the management of the Metropolitan Historic Zoning Commission to:

Based upon the approval of the Metropolitan Historic Zoning Commission to increase the historic overlay district designated properties, add an additional headcount to the Metropolitan Historic Zoning Commission staff to maintain the proper inspections, documentation of the historic properties, and permits processing within the FY2016 (July 2015) budget.



Appendix A

Staff and Commission Chairs Interview Results

Experis conducted in-depth interviews with Metropolitan Historical Commission and Metropolitan Historic Zoning Commission staff members and Commission Chairs. The results are grouped by general area of workload and presented below.

Metropolitan Historic Zoning Commission Staff

- Spends significant time preparing for monthly meetings of the Metropolitan Historic Zoning Commission. Start to finish the process consumes about 2.5 weeks of every month. This includes presenting at the Metropolitan Historic Zoning Commission meetings (although dispersed throughout the meeting) and attending the meeting in its entirety.
- Staff only has one architect – which is the Executive Director.
- The vast majority of permits presented at the Metropolitan Historic Zoning Commission meetings receive approval, although many have stipulations.
- Education efforts related to new permits, overlay districts, and preservation in general consume 20 percent of their time.
- All stated they work long hours and have an increased workload. Claim the overlay properties have doubled in the last five years. Permits issued directly correlate to staff activity.
- Efficiency efforts include higher speed internet connectivity at the office, enabling applicants to enter information on a web form, and having portable access to files for the inspection team (e.g. a tablet with high-speed access).
- They spend significant time proposing overlay districts.
- They all work on the Old House Day event and some on the Memorial Day Dash.
- Senior level staff hold positions on industry boards.
- Has argued that increases in property value increase revenue to the Metro government. The Executive Director has received additional headcount when he discontinued processing new overlay districts in the past.
- Inspection of permits in the construction process currently requires viewing progress on 300 active permits per month.

Metropolitan Historical Commission Staff

- Promote Historic Nashville and Davidson County via the website, newsletters, and social media. Maintain the archive of historically significant documents.
- Perform the deadline-driven requests for Section 106 requests.
- Review potential addition and maintain the Historic Register.



- Provide guidance and implementation for historic roadside markers.
- Manages the issues and burials for the City Cemetery.
- At the Mayor's request, staff are building the Nashville historic encyclopedia and working with the County Historian.
- Organizes the annual African-American conference, Preservations Awards, and works with Historic Nashville Inc.
- One person works with schools for history projects to a lesser extent than before.
- Inspects three of the fourteen preservation districts each year to locate previously unknown properties – a six-week project for two people.
- Respond to other department requests for historical significance – could be property, street sign changes, etc.
- Create information brochures and pamphlets for items of historical significance.
- Workload issues prevent them from doing more.
- Internet access is slow – at times takes 20 minutes to download a historic photograph. Only two DSL lines support access to the internet.

Metropolitan Historical Commission Chair and Metropolitan Historic Zoning Commission Chair

- Zoning commission meetings include more detailed information than before. The applicants know the regulations in greater depth. Attorneys are present at 50 percent of the meetings. Thus, instead of one-hour meetings, they now last four hours.
- Detailed reports by the zoning staff are important to the help the commissioners and a good record.
- Ideally, the Chairs would like the staff to be able to do more. Examples include public meetings for neighborhood outreach education, promote the many historic events and people within Nashville's history, and create an outdoor museum at the City Cemetery.
- There are many commissioners to respond to, although the Chairs try to limit requests.
- Education of the commissioners is important – particularly when regulations change.
- The staff has co-mingled responsibilities, which is important for back-up, etc.
- Chairs believe that preserving the history and culture of the neighborhoods has a highly positive impact on Nashville, property values, and increased revenue from tourism. Tourists spend more local cash and generally visit longer than other types of visitors.
- They believe efficiency gains could be derived from being more digital – i.e. not publishing volumes of paper for each commission meeting.
- The staff has good relationships with the commissions.



Disclaimers

Experis is not a certified public accounting firm and does not perform attestation services.

To the extent that Experis' deliverables include analyses, reports, evaluations, recommendations, or other management consulting services, management is responsible for all implementation decisions and for any future action with respect to the matters addressed in the deliverables.

Because of their nature, controls at an organization may not prevent, or detect and correct, all errors or omissions. In addition, the projection to the future or any conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at an organization may become inadequate or fail.

APPENDIX B – MANAGEMENT’S RESPONSE AND CORRECTIVE ACTION PLAN

**MANAGEMENT’S RESPONSE AND CORRECTIVE ACTION PLAN
STARTS ON NEXT PAGE**

KARL F. DEAN
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Metropolitan Historical Commission
Metropolitan Historic Zoning Commission
Sunnyside in Sevier Park
3000 Granny White Pike
Nashville, Tennessee 37204
Telephone: (615) 862-7970
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January 22, 2015

Mr. Mark Swann
Metropolitan Auditor
Office of Internal Audit
404 James Robertson Parkway, Suite 190
Nashville TN 37219

RE: Audit of MHC and MHZC Workforce Staffing

Mr. Swann,

I received the report outlining the findings of the Metro Historical and Metro Historic Zoning Commission's workforce staffing audit. I appreciate the time spent reviewing our processes and interviewing our staff, and I will be asking for funds in the next fiscal year to implement the recommendations outlined in the report. I feel it is always worthwhile to have an outsider review our operations to ensure that we operate efficiently and are accountable.

Additionally, I'd like to thank you and your staff for their time, information and suggestions as we went through this process. If you have any further comments, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "W. Tim Walker".

W. Tim Walker
Executive Director
Metro Historical Commission
Metro Historic Zoning Commission

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
Management of the Metropolitan Historic Zoning Commission and the Metropolitan Historical Commission to:		
<p>A.1 Implement and enforce the measured approach to increasing the number of properties within historic overlay districts.</p>	<p>Partially Agree. Historic Overlay expansion is generally driven by the Metro Councilperson, who makes the request and files legislation for district designation or expansions.</p>	
<p>A.2 Implement the efficiency changes noted below. These should free-up time for both the staff of the Metropolitan Historic Zoning Commission and the Metropolitan Historical Commission.</p>		
<p>A.2.1 Requiring all permit applicants to go to the One Stop Shop for initial permit requests and questions. Do not take walk-ins at the headquarters without an appointment. General walk-in questions are a disruption to the work progress being made at headquarters. The applicants should file their application on the Kiva Citizen website or its replacement system (City Works).</p>	<p>Agree. This is already our procedure.</p>	
<p>A.2.2 Providing a tablet/laptop with wireless high speed internet access to the Metropolitan Historic Zoning Commission inspector. Via this tool, the inspector can download the inspection files for properties the day before they are scheduled, enter notes electronically and one time, leave the working files within the office for others to use, and have real-time communications with the office staff.</p>	<p>Agree. Funding would be required to implement this recommendation.</p>	

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>A.2.3 Delivering Commissioner packages in an electronic format at least one week prior to the Commission meeting. Currently permit application packages are placed on the Metropolitan Historic Zoning Commission website in an electronic file (as a PDF) with the meeting minutes. Each package includes the detailed building and elevation drawings. It may be more effective to present the site diagrams on a video screen. This eliminates the requirement to print a full package for each Commissioner, which is time consuming and environmentally unsound. Two of the packages reviewed for the September 17, 2014, meeting averaged ten double-sided pages of discussion topics and nine double-sided pages of architectural drawings. Typically, one set is provided to each of the nine Commissioners plus others for the Mayor’s office.</p>	<p>Partially Agree. This is being done with some Commissioners; however, some of our Commissioners do not have adequate access to the electronic equipment and/or lack a high speed internet connection (needed due to the file size) that would be required to implement this recommendation.</p>	
<p>A.2.4 Increasing the internet access speed at headquarters. Currently there are two digital subscriber lines (DSL) supporting a heavily graphics intensive staff, which is inadequate.</p>	<p>Agree. Funding would be required to implement this recommendation.</p>	
<p>A.2.5 Recording popular subject presentations to homeowners and community groups on video, which can be shown later and placed on the web. It may appear impersonal, but it improves the delivery cycles. This will help within the education process as well.</p>	<p>Agree. Funding would be required to implement this recommendation.</p>	
<p>A.2.7 Leveraging other groups’ work (and reference that work within footnotes) to complete the Nashville Online Encyclopedia – for Nashville-specific areas of interest. One immediate idea is to leverage some of the common articles (such as The Hermitage article) within the Tennessee Encyclopedia of History and Culture for Nashville’s encyclopedia project.</p>	<p>Partially Agree. This is already our procedure with the exception of the use of articles maintained by the TN Encyclopedia of History, which we found not to be viable as it does not allow Metro oversight.</p>	

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>A.2.8 Driving more web applications for informational and routine application efforts. For example, the current website has a PDF permit application, which must be printed and completed. Provide the same information guidelines on the website, but build a link to Kiva (or City Works) for the applicant to enter their basic information. That will save the staff member from typing the information into Kiva, saving time and avoiding typographical errors.</p>	<p>Partially Agree. This would require assistance from other departments as we don't have the expertise to complete all tasks needed for implementation. It is hoped that this will be accomplished with the launch of City Works, the platform currently being designed to replace Kiva.</p>	
<p>A.2.9 Determining how to enter information, such as payroll data, into one system that Metropolitan Nashville Government and Metropolitan Historical Commission/ Metropolitan Historic Zoning Commission staff will agree is the core system. The Metropolitan Historical Commission administrative staff currently enters time reports into the EBS system and also records it on a separate internal spreadsheet. The estimate is that time reporting consumes four hours per period. It is not clear why a separate back-up system is required.</p>	<p>Disagree. The amount of time required to update the backup documentation spreadsheet is approximately 15 minutes of the 4 hours noted for each pay period, with standard EBS entry accounting for the remainder. The 2007 audit of the MHC recommended that backup documentation be maintained to ensure that accruals were accounted for accurately. Accruals are updated only once a month in EBS, therefore the EBS system does not always accurately reflect sick/vacation hours that each staff person has available.</p>	
<p>Management of the Metropolitan Historic Zoning Commission to:</p>		
<p>B. Based upon the approval of the Metropolitan Historic Zoning Commission to increase the historic overlay district designated properties, add an additional headcount to the Metropolitan Historic Zoning Commission staff to maintain the proper inspections, documentation of the historic properties, and permits processing within the FY2016 (July 2015) budget.</p>	<p>Agree. Funding would be required to implement this recommendation. Currently, several Council members are requesting designation of new districts and expansion of existing districts.</p>	